

VZCZCXRO7829
RR RUEHGH
DE RUEHCN #0018/01 0260912
ZNR UUUUU ZZH
R 260912Z JAN 10
FM AMCONSUL CHENGDU
TO RUEHC/SECSTATE WASHDC 3705
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUCPDO/USDOC WASHDC 0051
RUEHCN/AMCONSUL CHENGDU 4428

UNCLAS SECTION 01 OF 02 CHENGDU 000018

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [ELTN](#) [EAIR](#) [PGOV](#) [PINR](#) [SENV](#) [BEXP](#) [CH](#)
SUBJECT: SW CHINA: CHENGDU MAYOR GE MEETS CONSULATES

REF: A) 08 CHENGDU 251; B) 09 CHENGDU 232; C) 09 CHENGDU 310; D) 09 CHENGDU 81

CHENGDU 00000018 001.2 OF 002

¶1. (SBU) Summary: Chengdu will build on its strengths in high tech areas such as IT, software services, and the aircraft industry, Mayor Ge Honglin said January 22. Chengdu will lead in cutting carbon emissions: it closed all coalmines in the larger Chengdu municipal region, and is now replacing smaller cement plants with larger ones using French technology. Chengdu's first subway line will begin trial runs in October 2010; another three lines are under construction or in the advanced planning stage. Two-thirds of the townships in Chengdu have their own sewage treatment; the remainder will have it by the end of 2010. Only 300,000 of Chengdu's 11 million people are poor; the city government provides them with free medical care and a minimum income higher than most other Chinese cities.
End Summary.

Chengdu Mayor Ge Honglin's Q&A with SW China Consulates

¶2. (SBU) Chengdu Mayor Ge Honglin (refs A and B) met diplomats in southwest China January 22 for an hour-long session. Ge, who has impressed us with his command of detail, pragmatism, and good humor, opening the session with: "I gave you a hand out on Chengdu, so no need to repeat what's there. Let's do a question and answer session." (This meeting, and a January 21 meeting with Sichuan Party Secretary Liu Qibao, were organized at the request of Consul General Brown, acting on behalf of all Consul Generals and Consuls in Chengdu and Chongqing.)

¶3. (SBU) Mayor Ge responded to questions by explaining that 2010 was the last year of China's 11th five-year plan, and that Chengdu was thus reviewing its longer-term economic plans. Chengdu will build on its strengths in high-tech fields, focusing particularly on IT, software services, and the aircraft industry, the mayor said. On February 27, non-stop air service will begin from Chengdu to Bangalore, the center of India's software industry. Chengdu Airlines made its first flight on January 23, Ge noted. The airline is a re-launch of the defunct United Eagle, and is a joint venture of a trio of state-owned enterprises: COMAC, Sichuan Airlines, and the Chengdu Transportation Investment Group.

Large Infrastructure Projects; Opportunities for Foreign Firms

¶4. (SBU) Large infrastructure construction through 2020 (refs C and D), will include a second airport for Chengdu, and light rail links from Chengdu's downtown to all the secondary cities in the six counties under the Chengdu city government. The Chengdu-Dujiangyan high-speed rail line will open on May 12, ¶2010. Trial operation of the Chengdu subway system's line 1 (north to south) will begin in October. Construction of line 2 (east to west) is already well underway. Construction of line 4 starts during 2010. Planning of line 3 is well advanced. Ge mentioned that these projects have created opportunities for foreign investors, mentioning a U.S. company's joint venture with a Chinese firm in the Chengdu suburb of Longquanyi, where the company makes boring equipment for tunnels and heavy equipment for highway construction. (Note: With involvement of the FCS advocacy program, Motorola won a contract for subway line 1, and hopes to win the contract for line 2. End Note.)

¶5. (SBU) U.S., French, and German, companies are doing well in Chengdu, Ge said. The Singapore CG responded with a question-comment indicating her concerns about the investment climate in Chengdu. She said that Singapore is the third largest investor in Chengdu after Hong Kong and the Virgin Islands.

Chengdu - Chongqing Compete to Become Carbon Demonstration City

CHENGDU 00000018 002.2 OF 002

¶6. (SBU) "Chengdu has won an award for being a leading Chinese low-carbon emissions city! Look at today's newspaper," Mayor Ge exclaimed. Indeed, on January 22, the Sichuan cities of Chengdu and Guanyuan won the title of contributor to the lowering of carbon emissions at the first annual meeting of the "Low Carbon China Forum" [Ditan Zhongguo Luntan] meeting in Beijing. Mayor Ge mentioned two ways Chengdu how won the low carbon city title: closing coalmines and small cement plants. The cement plants were replaced with big cement plants that use the low pollution technology of France's La Farge, the world's largest cement company. Chengdu set aside 400 million RMB (USD 70 million dollars) to help laid off workers from the small cement plants to find new jobs, Ge explained.

¶7. (U) Chengdu and Chongqing are competing for the national-level designation as a "low carbon economy demonstration city," following on Premier Wen Jiabao's November 2009 statement at the "S&T Driven Sustainable Economy Conference" that China would make creating a low carbon economy a high priority, according to a January 25 Lianhe Zaobao (Singapore) report. Chengdu will stress development of low carbon emission energy sources and industries such as solar, nuclear and wind power, and LED lighting. Chongqing Municipality pledged to reduce its carbon intensity to 40 percent below the 2005 level by 2020. See URL tinyurl.com/chengdu-low-carbon.)

18. (SBU) Mayor Ge responded to two questions from the Pakistani CG on environmental quality, and poverty alleviation, noting that:

-- Chengdu is working to reduce the stink of stagnant waters, including in the area near the U.S. Consulate in Chengdu. He said the rivers in Chengdu area are wide and shallow and are often slow moving. Sometimes water flow is cut off at Dujiangyan in the wintertime for renovations there. The Mayor said that two-thirds of the towns of the nine districts, six counties and four cities in which the 11 million people of Chengdu live already have water treatment plants; the remaining one third will have them by the end of 2010.

-- About 300,000 of Chengdu's 11 million people live are poor. Chengdu has one of the highest guaranteed minimum incomes in China and provides housing and health care to the poor. The beggars on Chengdu's streets all come from out of town, he asserted. Ge said his top priority as mayor has been to reduce the urban-rural income gap in Chengdu. The stress on spending extra resources to rural development is what makes Chengdu's path to development distinctive, he felt.

No Response to Question on Overheated Chengdu Housing Market

19. (SBU) ConGenOff asked Mayor Ge whether the Chinese government's 4 trillion RMB fiscal stimulus package may cause the Chengdu housing market to overheat. The Mayor gave an unresponsive answer, noting that Chengdu is not pushing prices up and is implementing the central government's policy. Note: Chengdu housing prices declined beginning in late 2007, but have risen rapidly in recent months.

BROWN